



FileHold DataRoom

For M&A Due Diligence

Overview

The purpose of this white paper is to discuss the preservation of corporate records especially in a M&A environment. Traditionally the organization of corporate records is done as a "fee for service" by Lawyers and Accountants using specialized external software. This paper describes the benefits of a "do it yourself" approach that companies of any size can put in place to build their own "DataRoom". The end result will be comprehensive, secure systems at a fraction of the cost of having it done by others.

Benefits of Electronic DataRoom

Records management is an essential activity of all business - using the FileHold DataRoom companies can easily create a secure, repository for all of their electronic records. Companies involved in Merger and Acquisition activities (M&A) must have complete records that can be available at a moment notice to those who need them. This can be accomplished by using the FileHold DataRoom powered by FileHold Express and FileHold Enterprise.

The electronic DataRoom will:

- *Eliminate the expense of printing and photocopying paper documents and then binding them for review in a locked boardroom.*
- *Eliminate your companies due diligence material being at risk of being lost, altered or falling into the wrong hands.*
- *Eliminate your valuable employees being disrupted and concerned by due diligence teams visiting your offices over several days.*
- *Eliminate expensive and time consuming travel of accountants and lawyers that is always paid for from the sale proceeds.*
- *Eliminate the need to pay couriers or use fax machines to move document back and forth in the examination process.*

Description of the FileHold Electronic DataRoom

The FileHold Electronic Data Room is a structured, electronic library of your due diligence materials that can be securely accessed by anyone, who has the rights to do so, from anywhere in the world. The FileHold Electronic DataRoom enables interested parties to analyze a companies M&A materials in a secure controlled environment. Confidentiality is paramount and strict controls for viewing, copying and printing are imposed through a multi level, sophisticated user rights system. Users can never change an original document but copies can be made to be commented on and marked up through the analytical process. With the FileHold Electronic DataRoom it is possible for multiple companies to conduct due diligence at the same time and never be in each others way or to even know about the presence of others.

The FileHold Electronic DataRoom is set up on a company's server on their premises. There is never a need for outside consultants or IT professionals to have access to a company's confidential information. The companies IT and Administrative staff remain in control of the M&A materials on the company's premises. Using the management tools of the Electronic DataRoom rights can be given for vendor/acquirers and their advisers to access information via WAN, LAN or the internet. There is never a risk of a vendor/acquirer being in control of the data. The company has the ability to disable the vendors/acquirers access to the data, at any time instantaneously (such as in the case of a breakup). M&A information is totally confidential and restrictions can be applied on whom can see the data and at what time (as negotiation progress greater access can be granted to the vendor/acquirers). The FileHold system is so secure that users do not even see the indexes of documents they are not entitled to see.

In all case a complete audit trail of who and when each documents was accessed is maintained by the FileHold system for your review, from any location where there is access to the internet - 7/24. The FileHold Electronic DataRoom will pay for itself in a single M&A due diligence transaction.

FileHold Electronic DataRoom software is based on modern Microsoft technologies that can be supported by IT staff. It is easy to install, easy to use and easy to manage. Paper documents can be scanned in house for confidentiality. Existing electronic documents on existing servers and desktops can be added to form a complete M&A index (often increasing internal security).

FileHold Electronic DataRoom - Partial List of Features

- Provides a secure in house installation on companies server - company stays in control.
- Comes with a pre-configured Due Diligence Legal and Operational Index in an intuitive format that mirrors traditional paper based system.
- Tightly integrated with Microsoft Office - the interface everyone is used to.
- Multiple levels of easily configured but tightly controlled user rights for security.
- Comes with document scanning software that supports over 300 scanners for ease of converting paper documents to electronic records.
- Will support the viewing of over 400 document types including CAD drawings
- Authorized users have access via LAN, WAN or the Internet.
- Ability for users to mark up documents with notes and annotations as part of the review process.
- Redaction - a secure way to electronically "black out" sensitive information that is not relevant to the review.
- Workflow - the ability to assign document review task to other team members for review and approvals.
- Mass importation of documents via drag and drop to build the DataRoom quickly.
- Content Sealed Format (CSF) - a design for securely sharing content. CSF allows you to maintain control of what users can do with your intellectual property and data.

Sample Screen Shot of FileHold DataRoom with Folder Hierarchy

The screenshot shows the FileHold DataRoom interface. On the left is a 'Library' pane with a folder hierarchy. On the right is a document list table. Red callout boxes 1-5 highlight specific features:

- 1**: Points to the 'Recently Added' folder in the Library pane.
- 2**: Points to the search bar at the top right of the window.
- 3**: Points to a document icon in the list.
- 4**: Points to the 'B. Subsidiaries & Steps' folder in the Library pane.
- 5**: Points to the 'D4. Information' folder in the Library pane.

Document Name	Type	Linked	Ver	Status	Last Modified On	
Corporate Alliances			1	1	Checked In 10/28/2007 2:11 PM	Edit
Customer List			1	1	Checked In 10/28/2007 2:13 PM	Edit
Distribution Contracts Overview			1	1	Checked In 10/28/2007 2:11 PM	Edit
Distribution Partner Overview			2	1	Checked In 10/28/2007 2:11 PM	Edit
Market Analysis and Product Line Overview			3	1	Checked In 10/28/2007 2:16 PM	Edit
Marketing Overview 2001 - 2006			1	1	Checked In 10/28/2007 2:11 PM	Edit
Marketing Plan 2007 - 2012			1	1	Checked In 10/28/2007 2:11 PM	Edit

- 1** Personalized work area contains documents you are working on
- 2** Powerful, integrated full text and metadata search helps you find documents fast
- 3** Store any type of document or file
- 4** File Cabinets organize the documents and records
- 5** Drawers are created underneath each DataRoom cabinet

Conclusion and more information

FileHold DataRoom is a powerful M&A tool for companies of all sizes. To learn more about how the data room works contact sales@filehold.com or visit www.filehold.com.